

Committee on Resources,

Subcommittee on Energy & Mineral Resources

[energy](#) - - Rep. Barbara Cubin, Chairman

U.S. House of Representatives, Washington, D.C. 20515-6208 - - (202) 225-9297

Witness Statement

Statement
of
U.S. Rep. Joel Hefley, R-Colorado-5
Before the

House Resources Subcommittee on Energy and Mineral Resources
On

H.R. 2187, a bill to amend Title 10, United States Code, to make receipts collecting from mineral leasing activities on certain Naval Oil Shale Reserves available to cover environmental restoration, waste management and environmental compliance costs incurred by the United States with respect to the reserves.

Tuesday, June 26, 2001

Madame Chairwoman, I'd like to thank you for holding a hearing on this bill today, so soon after its introduction on June 20. It's my hope that, with passage of H.R. 2187, we can begin work on NOSRs 1 and 3 and never have to bother this subcommittee on this subject again.

Madame Chairwoman, three years ago, as part of the FY 1998 defense authorization, we transferred Naval Oil Shale Reserves 1 and 3, located near Rifle, Colorado, from the Department of Energy to the Bureau of Land Management. That transfer completed -- or so we thought -- a 10-year effort to make that switch. By 1998, virtually everyone -- including the Clinton administration -- agreed that the NOSRs could be of better use to the nation if they were transferred to the Bureau of Land Management and their subsurface estates opened to oil and gas development. The Colorado Oil and Gas Association, the agency charged with promoting such development in the state, estimated as much as \$125 million in oil and gas revenues could be generated by the reserves in future, to be split equally between Colorado and the federal

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government. The first competitive lease sales at the site, in 1999, gave reason to believe these projections might be accurate. The sales generated a proffered bonus of \$7.5 million, a figure which has since grown to approximately \$8 million.

It was understood at the outset that before the oil and gas revenues could be shared, environmental remediation was needed at one point on NOSR 3 -- Anvil Points, the site of an old Bureau of Mines experiment. Since whoever held Anvil Points felt the site was an environmental hazard and whoever held it previously felt it was a site of minimal concern, a cleanup cost was never specified but the bill stated that BLM would first cleanup the site, drawing from the revenue stream generated by lease sales. The amount of the cleanup was to be determined through discussions between the departments of Energy and Interior, with mediation by the Colorado Department of Public Health and the Environment. The authorization was to run

for five years or once the secretaries of Energy and Interior had certified Anvil Point was clean, whichever was earliest. At that time, revenue could then begin to be issued to the state and federal governments.

Or so we thought. In late 1999, the Bureau of Land Management approached my office for help in funding the cleanup. A solicitor's reading of the language in FY 1998 had concluded that BLM needed a specific authorization to spend its own leasing receipts on the cleanup. The matter was further complicated by the question of just who held responsibility for supplying such authorization -- the Armed Service Committee, under whose jurisdiction the transfer was made; House Resources, the nominal authorizing committee for the Bureau of Land Management; or Interior Appropriations, which often resolved such issues under the BLM's standing authorization. No resolution was reached during the 106th Congress.

My bill, H.R. 2187, would provide the authorization for the Secretary of Interior to access the NOSR 3 environmental trust fund to enable contract work agreed upon by the BLM and the state of Colorado to be performed for the next five fiscal years, limited by the funds available from leasing. If further work is necessary beyond 2006, a new authorization will be required.

While all these discussions have been going on, the BLM and the state of Colorado have conducted internal estimates of what needs to be done at the Anvil Points site. Four options -- ranging from minimal remediation to a "worst-case" scenario involving complete removal of the tailings -- were outlined with costs ranging between \$3 million and \$12 million, with annual monitoring expenses of approximately \$30,000. It is realistic to believe the environmental cleanup can be done with the money on hand.

So that is where we are today. A year ago, someone mentioned to Colorado state BLM Director Ann Morgan that we thought we'd taken care of all this three years ago in the defense authorization. "Welcome to public lands management," she said. Unfortunately, I guess she's right.

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